

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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OFFICE OF THE SECRETARY

BULK PARCEL RETURN SERVICE
EXPEDITED MINOR CLASSIFICATION CASE

Docket No. MC99-4

REQUEST OF THE UNITED STATES POSTAL SERVICE
FOR AN EXPEDITED RECOMMENDED DECISION
ON A MINOR CLASSIFICATION CHANGE
FOR BULK PARCEL RETURN SERVICE

UNITED STATES POSTAL SERVICE

By:

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Chief Counsel, Ratemaking

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Washington, D.C. 20260-1137
May 25, 1999

Documents relating to this request may be served upon Mr. Foucheaux at the address above.

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(May 25, 1999)

The United States Postal Service, pursuant to chapter 36 of title 39, has determined that a classification change affecting Bulk Parcel Return Service would be in the public interest and in accordance with the policies and applicable criteria of that title. Accordingly, the Postal Service requests that the Postal Rate Commission submit to the Governors of the Postal Service a recommended decision which supports the implementation of the change requested herein. The Postal Service seeks expedited review of this request on the ground that the requested change in mail classification is minor in character, in accordance with 39 C.F.R. §§ 3001.69-3001.69c.

The goals of this Request are to provide better service to postal customers, both mailers and recipients, and to increase postal efficiency, by including within Bulk Parcel Return Service ("BPRS") properly endorsed, machinable parcels which have been opened, resealed and replaced in the mail by the recipient for return to the original mailer without the payment of additional postage. Although normally such parcels would be returned to the recipient for payment of postage, there are two situations in which that requirement should be superseded by the more efficient and cost-effective practice of treating the parcel as part of the BPRS mailstream. The first situation is when the parcel has already been returned to the mailstream and it is impracticable or

inefficient to return it to the recipient for payment of postage. This could occur because the fact that the parcel was opened might not have been discerned until the parcel was at or near the office serving the original mailer, or was never discerned. Or it could occur because of the inefficiencies involved in having a carrier return the parcel to the recipient. The second situation is when the mailer includes a return label, prepared to Postal Service specifications, indicating that the parcel is being returned as BPRS at the expense of the original mailer. Such a label would be a new feature of BPRS, proposed herein. In either instance, it makes sense to handle the parcel as BPRS because that channel provides an efficient means of returning parcels which both the original mailer and recipient would like to have returned, and for which the original mailer has indicated a willingness to pay for the parcel's return.

The requested classification change will further the general policies of efficient postal operations and reasonable rates and fees enunciated in the Postal Reorganization Act. See 39 U.S.C. §§ 101(a), 403(a), and 403(b). The requested change also conforms with the criteria of 39 U.S.C. § 3623(c).

In accordance with the Commission's Rules of Practice and Procedure (39 C.F.R. §§ 3001.64 and 3001.69-3001.69c), the Postal Service files with this Request the prepared direct evidence on which it proposes to rely, which consists of two pieces of testimony. The page following this Request is an index of Attachments. The testimony has been marked for identification as shown in Attachment B. Further data submitted for informational purposes or in response to specific sections of the Rules of Practice are included in the Attachment C. The Postal Service is also filing a proposed Stipulation and Agreement and a Notice thereof, to encourage the possibility of settlement of this case.

WHEREFORE, the United States Postal Service, pursuant to 39 U.S.C. § 3623(b), hereby requests the Postal Rate Commission to make and submit a

recommended decision to the Governors supporting the Request of the Postal Service and recommending the proposed revisions to the Domestic Mail Classification Schedule set forth in Attachment A to this Request.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter
Attorney

CERTIFICATE OF SERVICE

Pursuant to 39 C.F.R. § 3001.69b(c), I hereby certify that the foregoing document, and all related documents filed today, are being hand delivered or mailed by Express Mail to all persons registered under that section.



Scott L. Reiter

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May 25, 1999

INDEX OF ATTACHMENTS TO REQUEST, MC99-4

Attachment A: Domestic Mail Classification Schedule Language

Attachment B: Index of Testimonies, Exhibit Titles, and Associated Attorneys

Attachment C: Compliance Statement

DOMESTIC MAIL CLASSIFICATION SCHEDULE LANGUAGE**935 BULK PARCEL RETURN SERVICE****935.1 Definition**

935.11 Bulk Parcel Return Service provides a method whereby high-volume parcel mailers may have [undeliverable-as-addressed] machinable parcels returned to designated postal facilities for pickup by the mailer at a predetermined frequency specified by the Postal Service or delivered by the Postal Service in bulk in a manner and frequency specified by the Postal Service. Such parcels are being returned because they: (1) are undeliverable-as-addressed; (2) have been opened, resealed, and redeposited into the mail for return to the mailer using the return label described in section 935.36 below; or (3) are found in the mailstream, having been opened, resealed, and redeposited by the recipient for return to the mailer, and it is impracticable or inefficient for the Postal Service to return the mailpiece to the recipient for payment of return postage.

935.2 Description of Service

935.21 Bulk Parcel Return Service is available only for the return of machinable parcels, as defined by the Postal Service, initially mailed under the following Standard Mail subclasses: Regular and Nonprofit.

935.3 Requirements of the Mailer

935.31 Mailers must receive authorization from the Postal Service to use Bulk Parcel Return Service.

935.32 To claim eligibility for Bulk Parcel Return Service at each facility through which the mailer requests Bulk Parcel Return Service, the mailer must demonstrate receipt of 10,000 returned machinable parcels at a given delivery point in the previous postal fiscal year or must demonstrate a high likelihood of receiving 10,000 returned parcels in the postal fiscal year for which the service is requested.

935.33 Payment for Bulk Parcel Return Service is made through advance deposit account, or as otherwise specified by the Postal Service.

935.34 Mail for which Bulk Parcel Return Service is requested must bear endorsements specified by the Postal Service.

935.35 Bulk Parcel Return Service mailers must meet the documentation and audit requirements of the Postal Service.

935.36 Mailers of parcels endorsed for Bulk Parcel Return Service may include within the parcel a return label, prepared at the mailer's expense to specifications set forth by the Postal Service, to authorize its customers to return opened, machinable parcels at the expense of the original mailer. There is no additional fee for inclusion or use of the label.

935.4 Other Services

935.41 The following services may be purchased in conjunction with Bulk Parcel Return Service:

	Service	Fee Schedule
a.	Address Correction Service	911
b.	Certificate of Mailing	947
c.	Shipper-Paid Forwarding	936

935.5 Fee

935.51 The fee for Bulk Parcel Return Service is set forth in Fee Schedule 935.

935.6 Authorizations and Licenses

935.61 A permit fee as set forth in Schedule 1000 must be paid once each calendar year by mailers utilizing Bulk Parcel Return Service.

935.62 The Bulk Parcel Return Service permit may be canceled for failure to maintain sufficient funds in an advance deposit account to cover postage and fees on returned parcels, or for failure to meet the specifications of the Postal Service, including distribution of return labels that do not conform to Postal Service specifications.

INDEX OF TESTIMONIES
DOCKET NO. MC99-4

WITNESS	TESTIMONY	EXHIBITS		WORKPAPERS	ATTORNEY
		TITLE	NUMBER		
Mr. Adra	USPS-T-1	None		None	Scott Reiter (202) 268-2999
Ms. Eggleston	USPS-T-2	None		None	Scott Reiter (202) 268-2999

COMPLIANCE STATEMENT

This Attachment contains a statement of the manner in which the Postal Service has supplied the information requested in sections 64 and 69–69c of the Commission's Rules of Practice and Procedure (39 CFR §§ 3001.64, and 3001.69–3001.69c). Where requested information is not included in direct testimony or exhibits of the Postal Service's witness, it is contained in the Request or in this or other attachments to the Request, or has been incorporated by reference in the testimony, exhibits, Request, or attachments, and made available to the Commission in the instant docket or in Docket No. R97-1.

RULE: 64(b)(1), (2), (3), (4)

INFORMATION REQUESTED:

These subsections request, for every classification change proposed:

- (1) copies of the currently-effective Domestic Mail Classification Schedule and the proposed changes thereto;
- (2) specification of the rules, regulations and practices that establish the conditions of mailability and standards of service;
- (3) a statement of the degree of economic substitutability between the various classes and subclasses; and
- (4) an identification of all nonpostal services.

1. *Present and Proposed Classification Schedule Provisions.*

Attachment A contains the affected provisions of the Domestic Mail Classification Schedule, with the proposed additions underlined.

2. *Rules, Regulations, and Practices that Establish Conditions of Mailability and Standards of Service.*

The Postal Service's current rules and regulations that specifically govern the provision of domestic mail services are published in the Domestic Mail Manual, which is incorporated by reference in the Code of Federal Regulations, 39 CFR § 111, and incorporated here by reference. The Postal Service will promulgate rules and regulations consistent with the proposed classification schedule changes pursuant to its statutory authority. See 39 U.S.C. § 401(2).

3. *Degree of Economic Substitutability and Identification of Nonpostal Services.*

The testimony of witness Adra (USPS-T-1) in this docket provides some information responsive to this subsection with respect to the Bulk Parcel Return Service

("BPRS") Standard A parcels affected by the proposed change. Other pertinent information is provided in the response to this rule in Docket Nos. R97-1 and MC97-4, and in the Commission's Opinion and Recommended Decision in those dockets, incorporated here by reference.

4. Identification of nonpostal services.

No nonpostal services pertain to the proposed change. Nonpostal services include: alien registration, sale of philatelic products, sale of food stamps, sale of passports, sale of migratory-bird hunting and conservation stamps, sale of miscellaneous products, Mailgram,¹ photocopy service, vending stands and vending machines, postmasters in Alaska serving as notaries public, and post office assistance to the Office of Personnel Management and the Selective Service System. From time to time, the Postal Service may offer other nonpostal services. Some of these nonpostal services may be provided on a limited or trial basis.

¹ Although not a service, Mailgram is included here in recognition of its nonpostal nature.

RULE: 64(c)(1), (2), (3)

INFORMATION REQUESTED:

This rule asks for information regarding the users of the Postal Service, the nature of the items mailed and the methods of mailing used. Specifically, this section requests the following:

- (1) an identification of the characteristics of the mailer and the recipient, and a description of the contents of items mailed within each class and subclass;
- (2) identification of the physical attributes of the items mailed by class and subclass, including shape, weight and distance; and
- (3) to the extent it is not provided under paragraph (b)(2), a summary statement that describes special service arrangements provided to, or requested or required of, mailers by the Postal Service that affect the cost of service or its value to the mailer or recipient.

1. Characteristics of the mailer, recipient, and the content of items mailed.

The testimony of witness Adra (USPS-T-1) in this docket provides some information responsive to this subsection with respect to the BPRS Standard A parcels affected by the proposed change. Other pertinent information is provided in the response to this rule in Docket Nos. R97-1 and MC97-4, and in the Commission's Opinion and Recommended Decision in those Dockets, incorporated here by reference.

2. Physical attributes of the items mailed by class and subclass.

Some information pertinent to the physical attributes of the BPRS Standard A parcels affected by the proposed change is provided in the testimonies of witnesses Adra (USPS-T-1) and Eggleston (USPS-T-2) in this docket. Other pertinent information is provided in the response to this rule in Docket Nos. R97-1 and MC97-4 and in the Commission's Opinion and Recommended Decision in those Dockets, incorporated here by reference.

3. *Summary statement of special service arrangements.*

Some information responsive to this requirement with respect to the BPRS Standard A parcels affected by the proposed change is provided in the testimonies of witnesses Adra (USPS-T-1) and Eggleston (USPS-T-2) in this docket. Other pertinent information is provided in the response to this rule in Docket Nos. F97-1 and MC97-4, in the Commission's Opinion and Recommended Decision in those Dockets, and in the DMM, incorporated here by reference.

RULE: 64(d)

INFORMATION REQUESTED:

This rule requests that the effects of the change on cost assignments, total costs, and total revenues be provided, both before and after the change.

This section does not apply to this Request because, as demonstrated in the testimonies of witnesses Adra (USPS-T-1) and Eggleston (USPS-T-2), the proposed change does not have any measurable effect on cost assignments, total costs and total revenues.

RULE: 64(e)

INFORMATION REQUESTED:

This subsection requires that, whenever the Postal Service proposes to reassign a portion of one existing class or subclass of mail or service to another existing class or subclass of mail or service, the request must include a comparison of the before and after costs and revenues of handling the relevant classes or subclasses, and before and after costs and revenues of the portion that is to be reassigned.

This rule does not apply to this Request because the Postal Service is not proposing that a portion of one existing class or subclass of mail or service be reassigned to another existing class or subclass of mail or service.

RULE: 64(f)

INFORMATION REQUESTED:

This rule requires that the Postal Service provide a complete statement of the reasons and bases for the proposed changes.

The testimony of witness Adra (USPS-T-1) provides the reasons and bases for the proposed change.

RULE: 64(g)

INFORMATION REQUESTED:

This rule sets forth the requested format and filing requisites for workpapers.

Witnesses Adra (USPS-T-1) and Eggleston (USPS-T-2) do not have any workpapers; none is needed to support the Request.

RULE: 64(h)

INFORMATION REQUESTED:

This rule calls for compliance with specified subsections of Rule 54 when the Postal Service proposes a change in the mail classification schedule having a rate, fee or total cost change implication.

This section does not apply to this Request because, as demonstrated in the testimonies of witnesses Adra (USPS-T-1) and Eggleston (USPS-T-2), the proposed change does not have any rate, fee or measurable total cost change implication.

In addition to the information required by Rule 64, Rules 69-69c establish specific requirements for expedited minor classification cases. Each requirement is listed below, followed by the response.

RULE: 69a(a)(1)

INFORMATION REQUESTED:

A description of the proposed classification change or changes, including proposed changes in the text of the Domestic Mail Classification Schedule and any pertinent rate schedules.

Information pertinent to this rule is provided in the testimony of witness Adra (USPS-T-1) and in Attachment A to this Request, containing the proposed DMCS changes. No rate or fee schedule changes are proposed.

RULE: 69a(a)(2)

INFORMATION REQUESTED:

A thorough explanation of the grounds on which the Postal Service submits that the requested change in mail classification is minor in character.

Information responsive to this rule is provided in the testimonies of witnesses Adra (USPS-T-1) and Eggleston (USPS-T-2).

RULE: 69a(a)(3)

INFORMATION REQUESTED:

An estimate, prepared in the greatest level of detail practicable, of the overall impact of the requested change in mail classification on postal costs and revenues, mail users, and competitors of the Postal Service.

The testimonies of witnesses Adra (USPS-T-1) and Eggleston (USPS-T-2) provide information responsive to this rule.

